



## Metropolitan King County Council 2005 Budget Review Process November 17, 2004

### Striking Amendment Changes to Executive Proposed Budget

Total Budget*	Exec Proposed	Council Striker	Difference
\$	\$3,391,893,660	\$3,390,991,298	(\$902,362)
FTE	13052.76	13054.22	1.46
TLT	271.52	276.52	5.00

\*Adjusted for transfers within the general fund that are double-budgeted.

General Fund	Exec Proposed	Council Striker	Difference
\$	\$538,835,744	\$539,388,894	\$553,150
FTE	4214.82	4216.82	2.00
TLT	15.75	19.75	4.00

### General Government

- In this budget, the general government operating agencies and general government CIP account for approximately \$550 million, or 17% of the county's total budget of \$3.3 billion.
- The council found ways to reduce the cost of county government and, in particular, county overhead.
  - Employee benefits costs were reduced in 2005 from \$981 to \$935 per employee per month as a result of rebating a surplus of \$6.7 million. These funds will be reserved to provide for rate stabilization in 2006.
  - Facilities costs were reduced by \$350,000 by reducing facilities fund balance to a level in line with previous years. In addition, the council is requiring fund balance policies to ensure that the fund balance is at an appropriate level in the future.
  - Human resource costs and information technology costs were reduced by a total of \$715,000 from the proposed budget.
    - The human resources proposed budget went down by \$270,000, 1 FTE and 1 TLT.
    - The information technology services proposed budget went down by \$440,449 and 5 FTEs.

- Efficiencies in the general government capital budget resulted in one-time savings of \$475,000.
- The council developed an analytical framework for reviewing the technology capital improvement program to improve transparency and accountability. The framework is based upon the policies the Council has adopted to guide technology investments and the Council's past practices in reviewing capital projects for scope, schedule and budget:
  - Do the proposed equipment replacement projects meet adopted guidelines for having an equipment inventory, an equipment replacement plan and a financial plan?
  - Do the proposed additions in funding to existing technology projects constitute significant changes in scope, schedule or budget that are not justified?
  - Do the new technology projects meet at least one of the five council goals, and are the projects based on sound business cases?
- Approximately \$7.3 million of the \$33.7 million budget for technology capital projects will be held in reserve for four projects until the council approves business cases. The four projects are:
  - Benefit Health Information Project (\$2.9 million of the total project budget of \$3.9 million is reserved.)
  - Accountable Business Transformation Project (\$2.4 million of the total project budget of \$4 million is reserved).
  - Jail Health Electronic Medical Record Project (\$1.675 million of the total project budget of \$1.75 million is reserved).
  - The Electronic Court Records Automated Indexing Project (\$350,000 of the total project of \$450,000 is reserved).
- This budget adds a project manager to the department of executive services to help implement these large and complex technology projects.
- The review of the budget provides an opportunity to provide policy direction on issues of concern to the council. This budget:
  - Sets the policy direction for a new organizational model for how we manage our IT functions that emphasizes cost-efficiency.
  - Requires the Information and Telecommunications Services Division and the Office of Information Resource Management to report on how the county can save money by improving its management of county telecommunications contracts.
  - Requires a progress report on the Network Infrastructure Optimization Project, which includes saving money by merging the county's separate data and voice lines.
  - Provides \$130,000 to prepare a rural economy development strategy as called for the county's comprehensive plan. This strategy is critical to help protect the character of our rural areas, while encouraging appropriate economic opportunities.

- The county remains responsible for providing local services to 352,000 residents of the unincorporated areas of the county, including 216,000 residents living in urban unincorporated areas.
  - This 2005 budget continues funding of the county's annexation initiative which is designed to encourage annexation or incorporation of the urban unincorporated areas, as envisioned by the growth management act and the countywide planning policies.
  - Through Motion 12018, the council adopted a policy framework and 2005 work program for the annexation initiative. The potential impact of annexations and incorporations on county programs, revenues, and expenditures was discussed during the council's budget review.
  
- This budget continues to support King County's commitment to the Harborview Medical Center with over \$5 million in strategic infrastructure improvements and equipment acquisitions.
  - Harborview Medical Center is a comprehensive health care facility owned by King County, governed by a county appointed board of trustees and managed by the University of Washington.
  - Its primary mission is to provide high quality health care to the residents of this region, in particular to the indigent and underserved residents of King County.
  - Serving a four-state region, Harborview is home to the nationally renowned level-one trauma center and Medic-One emergency response unit.
  - Harborview leads the region with medical centers of emphasis in the areas of Neuroscience, Burn, AIDS/Sexually Transmitted Diseases (STD), Orthopedics and Trauma.
  
- This budget continues to implement the voter-approved 10-year bond capital program to support facility improvements at Harborview.
  - The entire project budget is \$293 million, consisting of both voter-approved bonds (\$191 million) and additional funds from Harborview and University of Washington.
  - The 2005 appropriation of \$25.6 million of voter approved bond funding to continue development of the Inpatient Expansion Building and a new multi-purpose facility at 9th & Jefferson. These facilities will be home to several centers of emphasis including HIV/AIDS/STD, research, the King County Medical Examiner, and seismic improvements to trauma center.

## **Law and Justice**

- The provision of law enforcement, court, prosecution, public defense and detention services--law and justice--are among the primary responsibilities of the county, are mandated by law and are expected by citizens. These services are both regional and local in scope.
  
- When the council adopted policies and recommendations in the Juvenile and Adult Justice Operational Master Plans, it set in motion significant changes in the county's entire criminal justice system and the law and justice agencies—a true paradigm shift.

- Prior to adopting these policies, criminal justice costs were rising at a rate of over 10% per year, the total use of general fund revenues by the law and justice agencies jumped from 55% to over 70%, and caseloads were increasing. In 2000, it looked like the county would also have to incur significant new capital and operating costs to build new detention facilities for juveniles and adults.
- The council's adopted policies regarding the use of secure detention and alternative sanctions, along with county policies requiring criminal justice system coordination and efficiency, and the establishment as county policy the requirement for the coordination and efficient use of human services and treatment resources constitute the county's policy-driven paradigm shift and form the basis for reducing criminal justice costs and making a safer community.
- In this budget, law and justice agencies account for about 12 percent of the county's \$3.4 billion total budget. The council is adopting a budget for the law and justice agencies which includes a net increase in expenditures for all funding sources of \$12.3 million, 3.2% more than the 2004 adopted budgeted amounts.
- The 2005 General Fund operating budgets for the law and justice agencies total \$382.5 million, which represents 71.3% of the county's total General Fund operating expenditures.
  - In contrast, the adopted CX budget for law and justice agencies for 2004 accounted for 70.6% of all CX and CJ expenditures.
  - The law and justice agencies have total proposed budgets that are 3.1% higher than the 2004 adopted budget—increases totaling about \$11.5 million. Last year, the growth was twice the level of this year.
  - In contrast, for the past decade the annual rate of increase approached 10%.
  - A significant proportion of the increase is due to the growth of employee-related costs.
  - The law and justice agencies will experience a slight decline in the number of employees for 2005.
- The 2005 Proposed budget shows the progress the county has made the policies that are part of the council's "Paradigm Shift" arising from the adult and juvenile justice operational master plans.
- The council's work on the law and justice budgets, and the budget drivers, of the county's law and justice agencies is a year-round process where the county's judges, prosecutor, public defender, sheriff and health and human services, have been working with the executive and council to continue identifying system efficiencies, developing new alternatives, and implementing new methods to improve the county's criminal justice system.
- Many of these efforts have borne fruit and are reflected in the budget.
  - Jail populations are down 25% from four years ago (40% lower than we projected they would be this year)—with almost \$1 million in savings reflected in the 2005 budget due to lower secure detention populations.
  - The use of alternative programs has increased several hundred percent, with demonstrated reductions in recidivism—the 2005 budget adds \$100,000 to

these programs to help transition offenders back into the community with new job skills.

- Juvenile detention populations are down 45% from 2000 and the county continues to realize the savings of millions of operational dollars annually from not having an overcrowded juvenile detention facility.
  - Most importantly, the paradigm shift has meant that county has not had to build expensive new detention facilities for either juveniles or adults.
  - Almost \$500,000 in savings from Adult Justice Master Plan II efforts.
- In addition to realizing savings or benefits from slowing growth, the budget also includes the “investment” of general fund monies into proven juvenile justice (JJOMP) programs as identified through a collaborative effort of the executive, council, and the courts, thereby maintaining the council’s policy direction to rely on proven programs and invest in services that reduce criminality rather than locking kids up.
  - The 2005 budget also addresses the conversion of the sheriff’s federal funding resources from the Green River Homicide Investigation to other important county law enforcement priorities, including preparing for major incidents (natural and man-made) and for “closing-out” cold case homicides identified during the Ridgway investigation.
  - The council is also requiring planning efforts to review whether it is feasible to reduce duplication and increase efficiency through possible consolidation of the superior and district courts’ administrations. The council is also requiring a targeted master planning effort to review the superior court’s juvenile, family, and therapeutic courts.
  - In the 2005 budget the council is also requiring that the executive provide for the council’s review its methodology for contracting for indigent defense services.

## **Health and Human Services**

### **Human Services**

- At the same time the council developed policy that has brought a “paradigm shift” in law and justice services, it also took a look at its roles and responsibilities in human services and adopted framework policies that have guided program and budget development over the past 5 years.
- The council’s framework policies for human services, adopted by Ordinance 13629, define a role for the county providing for those health and human services not covered by state and federal sources that reduce other governmental and social costs, especially where it comes preventing and reducing involvement in the criminal justice system and helping elderly and youth in need.
- Based on the policy direction the council set for law, justice and human services, the county has been able to reduce growth in mandatory law and justice services enough to save a base of the most critical human services and reinvest some savings in those human services which are proving successful in reducing law and justice costs.

- For example, the 2005 budget includes about \$400,000 in General Fund support to sustain juvenile justice-related treatment programs that have proven very effective in reducing recidivism. These programs were initiated with foundation grants and other one-time sources.
- These juvenile treatment programs are an integral part of the Juvenile Justice Operational Master plan that has resulted in a 45% reduction in our juvenile detention population and annual operating savings of about \$4.5 million.
- The 2005 budget begins implementation of a broad-based, community plan to end homelessness in King County over the next ten years. The budget employs reserves in the veterans fund to help develop housing for homeless veterans, as a model for the kind of housing and service programs recommended in the ten year plan.

## **Public Health**

- In the 2005 budget, the Council recognizes that Public Health would also benefit from the same kind of policy and master plan development that has helped to produce positive results in law, justice and human services.
- Declining revenues coupled with increasing needs and limited understanding of best practices in the Public Health field, have prompted the council to initiate an operational master plan for Public Health in 2005.
- The Council envisions a comprehensive review and planning process for Public Health that:
  - Actively involves the Executive, the Council, the County Board of Health, the Seattle-King County Department of Public Health and other service and funding partners, and
  - Answers the question:  
How can the county best meet its mandated responsibilities for Public Health in light of changing needs, resources and practices in the public health field?

## **Environment**

### **Wastewater Treatment**

- The council in this budget has included funding for an independent expert to provide monitoring and oversight on the Brightwater sewage treatment plant project.
  - Brightwater is the county's response to the need identified in the 1999 Regional Wastewater Services Plan (RWSP) for more treatment capacity
  - At \$1.6 billion, Brightwater is the largest regional public works project ever undertaken by King County.
  - The council recently provided for independent monitoring of the major capital projects currently under way at Harborview Medical Center.
  - This has been a very good tool for the council in carrying out its oversight role on Harborview and on other projects.

- With the 2005 budget, the council is applying this same tool to the Brightwater project.
- The independent consultant will act as the council's eyes and ears on this project to help the council make sure that the project stays on course and within budget.
- With the decision to use Brightwater as the source for water reuse efforts, the council is canceling the Sammamish Valley Water Reuse Satellite Facility project, saving ratepayers over \$10 million.
  - Brightwater will come on line in 2010.
  - From the standpoint of cost, this will be a better solution than the satellite facility that would only be utilized for three years
  - Using Brightwater for water reuse is also the better choice from an efficiency standpoint because the plant is being designed with this use in mind.
- The 2005 budget continues the council's long-standing policy of maintaining rate stability for our customers.
  - Earlier this year, the council set the monthly wastewater treatment rate at \$25.60 and the capacity charge at \$34.05.
    - The operating budget is based on this \$25.60 monthly rate and anticipates keeping the same rate in place for two years – 2005 and 2006.
    - With this rate stability policy, ratepayers will have certainty with regard to their sewer rates for two years.
  - The capacity charge helps pay for capital projects that add capacity – such as the new Brightwater plant.
    - The council is committed to keeping the capacity charge stable for three years.
    - The capital budget that is being approved is based on this \$34.05 capacity charge.

### **Critical Areas**

- In October, the council met a state Growth Management Act deadline by enacting a major update to regulations protecting streams, wetlands, and other critical areas – the "Critical Areas Package".
  - This package consists of the Critical Areas Ordinance, the Stormwater Ordinance, and the Clearing and Grading Ordinance.
  - Regulations for stormwater management, water quality protection, and land clearing were also updated.
- The final package adopted by the Council reflected significant changes in response to more than seven months of citizen testimony, and includes the following:
  - Updated wetland regulations that are more equitable and consistent with state and federal guidance, which should result more streamlined permitting;
  - Greater emphasis on addressing stormwater impacts on site, which prevents flooding of neighboring properties and protects groundwater;
  - Greater certainty for agriculture to continue with existing operations and the ability to tailor water quality protections through a Farm Plan;
  - Streamlined permit requirements for sustainable forest practices;
  - Stronger protections for streams, both in the rural area and in high quality urban basins;

- Protection of long-term forest cover in a manner that recognizes that rural residents should be able to keep horses, prevent wildfires, remove invasive plants, collect fire wood, and carry out timber harvest;
  - A new option to tailor critical areas protections to a particular property through a Rural Stewardship Plan, Farm Plan, and/or Forest Management Plan. Preparation of one of these plans can also qualify a landowner for clearing and grading permit exemptions and in some cases, tax incentive programs.
- Over the course of public testimony, the Council heard that *how* the Council implements regulations is as important as the content of regulations. Citizens told the Council that they wanted:
    - Access to "real people" to answer questions without an hourly charge;
    - Greater certainty about permit review costs;
    - Closer Council monitoring of permitting and customer service by the Department of Development and Environmental Services;
    - Easy access to information about the new Rural Stewardship Planning option through web-sites, model plans, classes, and technical assistance,
    - Consistent enforcement of codes;
    - Assurance that technical assistance for Farm Plans and Forest Management Plans has reliable funding; and
    - Better tax incentives programs for landowner who protect forest cover and critical areas.
- Through amendments to the CAO, the Council:
    - Required the Executive to provide web sites, model plans, classes, and technical assistance on Rural Stewardship Plans.
    - Clarified that the Department of Natural Resources and Parks would be the key point of contact on behalf of the County for these plans.
- Through adoption of the 2005 budget, the Council has taken additional measures to ensure accountability, accessibility, and ease of use by landowners. These include:
    - Creation of a new consolidated review option for single family residential development that unites required reviews for siting a new home into a single package for a predictable price;
    - Restoration of staff to prepare forest management plans to ensure that citizens have easy access to technical assistance to develop a tailored plan for their property;
    - Additional support for the Public Benefit Rating System (PBRs), which provides tax incentives to land owners to protect forest cover and critical areas.
    - The addition of two outreach staff in the department of development and environmental services (DDES) who can meet informally with rural landowners about new critical areas standards and help owners make informed decisions – without an hourly charge;
    - Funding and direction for DDES to contract for exit interviews with permit customers to gauge customer service, and to report this information to the Council.
- The adopted 2005 budget ensures that the "three-legged stool" of critical areas protection (regulations, incentives, and education) will be in place in 2005. It also

provides assurance that the Council will remain accountable for not only the standards it adopted, but the manner in which they are carried out.

### **Solid Waste**

- The county is preparing for the eventual exporting of solid waste when the Cedar Hills land fill reaches capacity in 2012.
  - This budget includes capital improvements to transfer stations.
  - The council by proviso is ensuring that the analysis of transfer system capacity as required by the Waste Export Framework ordinance approved earlier this year is completed before these capital projects begin.

### **Parks and Open Space**

- This budget continues the direction established in 2002 of emphasizing regional parks and limiting local service to rural areas where the county is the primary service provider.
  - Projects in the CIP are geared toward revenue-generating and entrepreneurial efforts.
  - The voter approved operating levy is directed at operations and maintenance of regional and rural parks and regional trails.

### **Transportation**

#### **Roads**

- The roads capital improvement plan adopted in this budget reflects the drastic cuts that had to be made in 2004 with the loss of revenues from the vehicle license fee resulting from a statewide initiative.
  - Due to the lack of funding, the emphasis for the roads program must be on safety, preservation and maintenance.
  - Most projects that would have provided additional roadway capacity must still be delayed beyond 2010.
  - Anticipated state grant funding has allowed for some capacity projects to be included in the 2005-2010 six-year plan.
  - Efforts will continue to identify additional revenue sources to meet unfunded needs identified in the Transportation Needs Report update that the ncil just adopted – a deficit between needs and resources of \$525 million over the 2005 through 2022 time frame.
  - A focus of road bonding in 2005-2010 is to fund rural bridges in order to preserve federal bridge grant funds.

### **King County International Airport (Boeing Field)**

- The council has taken steps in this budget to keep the King County International Airport financially sound. The airport is a very important asset to the region and has been hard hit by the economic downturn of the last few years.
  - Previous budgets have made cuts to operating costs and staffing to keep the airport in good financial shape. In 2005, a further ten percent cut in staffing will be made by finding efficiencies.

- Budget cuts alone, however, have not been enough. The council has enacted fee increases that are in keeping with rising costs and are competitive with similar airports in the United States.
- These modest increases will help to keep our airport's operating revenues high enough to pay for operating costs.
- To further control costs, the council urges the executive to work with the sheriff to review security costs at the airport and develop ways to keep security costs from increasing at the pace we have seen over the last few years.

## **Metro Transit**

- The council as a policy has promoted transit as an affordable alternative to single occupancy vehicles. The executive proposed an across-the-board fare increase in 2005. This fare increase was originally forecast as being needed in 2007.
  - The executive accelerated the fare increase in response to increasing operating costs, such as the recent fuel price hikes, and flat sales tax revenues
  - The council has delayed action on the fare increase in order to study options and find ways to ease the burden on special needs segments of the population such as low income individuals, the elderly and youth.
  - Unless economic conditions improve, a fare increase may have to be considered again as part of the 2006 budget process.
- This budget continues the council's vision of identifying additional transportation options such as water borne transit.
  - In 2005, the Elliott Bay water taxi will continue as a waterborne transit pilot program.
  - By mid-year 2005, a report is due from the executive that identifies waterborne transit options, including potential markets, funding sources and policy assumptions.